



July 27, 2015

The Honorable Brett Guthrie
U.S. House of Representatives
2434 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tony Cárdenas
U.S. House of Representatives
1510 Longworth House Office Building
Washington, D.C. 20515

The Honorable Markwayne Mullin
U.S. House of Representatives
1113 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kyrsten Sinema
U.S. House of Representatives
1530 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives Guthrie, Cárdenas, Mullin, and Sinema:

On behalf of the Council for Affordable Health Coverage (CAHC), I am writing to express my strong support for the Protecting Affordable Coverage for Employees (PACE) Act (H.R. 1624). This bipartisan, common-sense legislation would avoid an unnecessary 18 percent increase in premiums and provide much-needed relief to small businesses.

As you may know, CAHC is a broad-based alliance with a singular focus: bringing down the cost of health care for all Americans. Our membership reflects a broad range of interests — organizations representing small and large employers, insurers, brokers and agents, and physician and patient organizations.

We are extremely concerned about the technical provision in the Affordable Care Act (ACA) that would change the definition of the small group market to include employers with up to 100 employees beginning in 2016. This change will force many companies that have historically been defined as a "large group," into the "small group market." As a result, these companies will have to comply with new mandates, like benefits, rating rules, and actuarial value requirements that will drive up premiums. According to an Oliver Wyman report, if the small group definition moves to 100, premiums could increase by approximately 18 percent for a majority of those in the re-defined small group market. This is unacceptable.

Although 2016 is several months away, the need to address the small group definition is at a critical point as health insurance companies have already filed their proposed health insurance premium rates for the upcoming year. CAHC strongly supports the PACE Act, which would make a helpful adjustment to the ACA for small businesses by providing states with the flexibility to increase the small group market from 50 to 100 if they choose, but removing the

requirement that forces states to change the small group definition. Protecting and preserving the existing small group market will promote stability and predictability when it comes to health insurance premiums. It will also allow small and mid-sized businesses to keep existing health insurance plans for their employees.

Thank you for your leadership on this important issue. CAHC stands ready to work with you and your staff to advance this important legislation that will lower health care costs for small businesses and their employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel White", with a stylized, cursive script.

Joel C. White
President